

Committee on International Relations

Subcommittee on Europe and Emerging Threats

Statement of Chairman Elton Gallegly

Ukraine: Developments in the Aftermath of the Orange Revolution

July 27, 2005

Today, the Subcommittee on Europe and Emerging Threats is holding a hearing on the developments in the Ukraine in the aftermath of the Orange Revolution.

Ukraine has reached a pivotal crossroads in its development as an independent nation. With the fall of the Soviet Union, Ukraine embarked slowly on the path to democracy with many of the same leaders that had led the country during the Soviet times. As the Presidential elections of 2004 approached, Ukraine appeared likely to continue to be governed by the same elites who were viewed by many Ukrainians as corrupt and out of touch.

All of that changed with the rise of the Orange Revolution and the leadership of Victor Yushchenko (YUSH-CHEN-KO). With his victory in the 2004 presidential elections, Yushchenko breathed new life into the country's democracy. President Yushchenko visited the United States from April 4 to 7, 2005 to meet with President Bush and Secretary of State Rice. Following those meetings, the Administration pledged to work with Ukraine to complete bilateral negotiations for Ukraine's accession to the WTO and to support Ukraine's efforts to join NATO by providing assistance with reforms.

But now the honeymoon is over and the hard work of implementing political and economic reforms is just beginning. By most accounts, the first few months of the new regime were rocky as the new government found its footing and spent considerable amount of time negotiating with Ukraine's multiple political parties. Since May, the government has tried to focus on its core goals of political and economic reform.

There are a couple of main issues we would like to focus on today. The first is economic reform in Ukraine. Economic reform in the Ukraine has two main components. The first is removing many of the Soviet era laws governing the economy and re-privatizing a number of the companies that were the result of corrupt privatizations by the former Kuchma regime.

This issue ties closely in with the second issue, the potential accession of Ukraine into the WTO. In its most recent session, the Ukrainian parliament passed a number of laws required by the international community to join the WTO, including a strong intellectual property protection statute, but much remains to be done.

Third, the application of the Jackson-Vanick amendment and the hurdles to granting permanent Normal Trade Relations status remains an issue on which there has been very little movement. The Administration has publicly stated its support for such a move, but the decision is in the hands of the Congress.

Finally, I hope the Administration and our other witnesses will discuss the likelihood and timetable for Ukraine joining NATO, an exceptionally sensitive issue in light of Ukraine's relation with Russia and the presence of the Russian fleet in Ukrainian ports on the Black Sea.

I will now turn to Mr. Wexler for any opening statement he may wish to make.